

be inscribed or stamped with an appropriate legend (for example, "Not to be used again for purchase of tax-free United States transportation") to show that the United States portion has been purchased tax free for use in conjunction therewith.

(2) Where the ticket for the United States portion is issued outside the United States, it shall be inscribed to show (i) the identity of the agency or carrier which received payment therefor (unless otherwise shown on the ticket), (ii) the origin and destination of the connecting transportation, (iii) the identity of the carrier furnishing the connecting transportation, and (iv) the serial number of the ticket or order covering such connecting transportation. If the ticket is not large enough to accommodate the prescribed inscription, a statement setting forth the required information shall be attached to such ticket.

(3) Where an order for the United States portion is issued outside the United States, it shall be inscribed to show (i) the origin and destination of the connecting transportation, (ii) the identity of the carrier furnishing the connecting transportation, and (iii) the serial number of the ticket or order covering such connecting transportation.

(d) *Ticket issued pursuant to inscribed order.* Where the ticket for the United States portion is issued in the United States pursuant to an order which was purchased and properly inscribed outside the United States under the rules set forth in paragraph (c)(3) of this section, liability for payment or collection of tax will not be incurred upon the issuance of the ticket provided the agency or carrier issuing such ticket stamps or inscribes thereon an appropriate legend, for example, "Tax not paid—furnished on order", or "Exempt—order".

(e) *Maintenance of records.* In any case where a payment for the United States portion is not subject to tax under the rules set forth in this section, the carrier furnishing transportation for the United States portion shall procure and maintain appropriate evidence which will clearly show that the tickets or orders for such transportation were purchased for use in conjunction

with connecting transportation from or to a point outside the United States.

(f) *Examples.* The following are examples of nontaxable transportation:

*Example (1).* Y travels from London, England, to San Francisco by way of New York. He purchases from an agency or carrier in England all of the transportation involved in such journey, which includes air transportation from London to New York and from New York to San Francisco, for which separate tickets are issued. The agency or carrier which receives the payment for Y's transportation from New York to San Francisco will not be required to collect tax with respect to the payment, provided it determines at the time such payment is received that the transportation in question is being purchased for use in conjunction with the connecting transportation from London to New York and it appropriately inscribes both of the tickets for the journey.

*Example (2).* Z travels from Havana, Cuba, to New York by way of Miami. He purchases in Havana a ticket for his transportation by water from Havana to Miami, and later purchases from a travel agency in Havana air transportation from Miami to New York for which the travel agency issues an exchange order. To establish the nontaxable character of the payment for Z's transportation from Miami to New York the travel agency shall determine at the time payment is received by it that the transportation is being purchased for use in conjunction with the connecting transportation from Havana to Miami, and shall make the appropriate inscription on the ticket and the order. The carrier which accepts the exchange order and issues the ticket for the transportation from Miami to New York will not be required to collect tax with respect to the ticket so issued if it appropriately inscribes the ticket as provided in paragraph (d) of this section.

#### § 49.4261-7 Examples of payments subject to tax.

The following are examples of payments for transportation which, unless otherwise exempt under section 4263, 4292, 4293, or 4294 are subject to tax:

(a) *Cash fares.* The tax applies to payments of so-called "cash fares" where no ticket or other evidence of the right to transportation is issued to the passenger.

(b) *Script books.* The tax applies to the amounts paid for scrip books. The tax shall be collected from the purchaser at the time the scrip book is sold, and not when and as the scrip is used for transportation.

(c) *Additional charges.* Amounts paid as additional charges for changing the class of accommodations, changing the destination or route, extending the time limit of a ticket, as "extra fare", or for exclusive occupancy of a section, etc., are subject to the tax.

(d) *Round-trip tickets.* An amount of 61 cents or more paid for a round-trip ticket is taxable (1) if the one-way fare of like class is 61 cents or more, or (2) if there is no established one-way fare of like class.

(e) *Commutation or season tickets.* (1) Amounts paid for commutation or season tickets good for more than one month are subject to tax where the single trip is 30 miles or more. For this purpose the term "30 miles" means 30 constructive miles where the rate for transportation is fixed on the constructive mileage. The tax shall be collected from the purchaser at the time of payment for the commutation or season ticket, and not when and as the ticket is used for transportation.

(2) In the event that a partly used exempt commutation or season ticket is redeemed and the carrier, in determining the amount of the refund, makes a charge at regular rates for the used portion of the ticket, the tax applies to such charge, if the one-way fare is more than 60 cents.

(f) *Prepaid orders, exchange orders, or similar orders.* The tax applies to the amounts paid for prepaid orders, exchange orders, or similar orders for transportation. Additional amounts paid in procuring transportation in connection with the use of prepaid orders, exchange orders, or similar orders, are likewise subject to tax.

(g) *Combinations of rail, motor vehicle, water, or air transportation.* The tax applies to the total amount paid for transportation over the lines of a number of connecting carriers; and also with respect to transportation beginning before November 16, 1962, to the total amount paid for any combination of rail, motor vehicle, water, or air transportation, such as rail-air line, air line-motor bus, or motor bus-steamship, etc. For transportation beginning after November 15, 1962, the tax will apply only to the amount paid for any portion of such transportation that is by air.

(h) *Chartered conveyances* (1) An amount paid for the charter.

(i) Of a special car, train, motor vehicle, aircraft, or boat for transportation which begins before November 16, 1962, or

(ii) Of an aircraft for transportation which begins after November 15, 1962, provided no charge is made by the charterer to the persons transported, is subject to tax if the amount paid for the charter represents a per capita charge of more than 60 cents for each person actually transported.

(2) The charterer of a conveyance who sells transportation to other persons must collect and account for the tax with respect to all amounts paid to him for transportation which are in excess of 60 cents. In such case, no tax will be due on the amount paid for the charter of the conveyance but it shall be the duty of the owner of the conveyance to advise the charterer of his liability for collecting and accounting for the tax.

(i) *All-expense tours.* Amounts paid for all-expense tours are subject to tax with respect to that portion representing transportation which is subject to tax. See paragraph (c) of § 49.4261-2 and paragraph (f) (4) of § 49.4261-8.

(j) *Payments remitted to foreign countries by persons in the United States.* Payments for transportation tickets, prepaid orders, exchange orders, or similar orders are subject to the tax where the payment for such tickets or orders is accomplished by the purchaser either (1) by transmission from within the United States via telegraph or mail of cash, checks, postal or telegraphic money orders, and similar drafts to ticket offices or travel agencies, etc., located in any place without the United States, or (2) by the delivery of the funds to an agency located in the United States for transmission to ticket offices, or travel agencies, etc., without the United States. Such payments are considered to be payments made within the United States.

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